

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

15-0315

HB 622-FN-A, *relative to taxation of the taxable estates of decedents*

House Ways and Means Committee

This bill reenacts RSA 87:1, imposing an Estate Tax on the transfer of the estate of every decedent leaving a taxable estate with a gross value after deduction greater than \$2,000,000 (as defined by Internal Revenue Code of 1986) and has property in the State of New Hampshire (NH). The amount of the NH Estate Tax shall be equal to 8% of the gross value of the portion of the decedent's taxable estate that exceeds \$2,000,000 gross value. The tax will be apportioned by the amount of gross value of real and tangible property located outside of NH for residents of NH, and property located inside NH for non-residents of NH, to the gross value of the entire estate. The tax shall be payable to the Department of Revenue Administration nine months after the date of death of the decedent.

This bill would take effect January 1, 2016 and apply to estates of all decedents dying after January 1, 2016 and to any estate that has not paid the United States Estate Tax on January 1, 2016. A penalty of not more than \$1,000 will be recovered by the Department and used to appoint another administrator if an executor, administrator, trustee, fiduciary, or custodian does not comply with any of the requirements of RSA 87:17 or RSA 87:18. The newly appointed administrator shall be responsible for any other penalties and interest applicable under RSA 21-J.

Utilizing federal data from Tax Year 2007, which is the most recently complete data available, the DRA estimates this bill will increase State General Fund revenue by \$11,830,155 in FY2017 and \$23,660,310 in FY2018 and each year thereafter. The Department researched federal tax data from Form 706, United States Estate Tax Return for Tax Year 2007. Only Line 5 data was available and this Line is the sum of the gross taxable estate less allowable deductions. The Department created a range of possible values due to decedent's state code (DSC). The lower range includes only those whose DSC was NH and the uppermost was all taxpayers in the database. The uppermost may apportion some of their estate out of state.

Based upon their net taxable estate from Line 5, minus the \$2,000,000 exclusion, multiplied by the 8% rate, the lower estimated revenue projection would be \$23,660,310 and the upper range would be \$38,279,128.

This bill could be administered by the Department with some additional, yet undetermined, increase in the Department's expenditures for the cost of personnel to administer the tax.